



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
TENNESSEE REAL ESTATE COMMISSION**

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COMMISSION POLICY STATEMENT

NUMBER: 2001-CPS-001

DATE: March 7, 2001

INTEREST BEARING ESCROW ACCOUNTS

The Tennessee Real Estate Commission's position on interest-bearing escrow accounts is that they are neither required nor prohibited. If used, however, the following guidelines shall be observed by all licensees except vacation lodging services:

1. The licensee shall disclose to the payor that his deposit will be placed in an interest bearing escrow account;
2. As a depositor of the funds, the licensee does not own the funds or interest earned thereon until properly disbursed to the licensee;
3. The licensee and payor shall execute a written agreement indicating the manner of disposition of interest earned; and
4. The licensee shall keep a detailed and accurate accounting of the precise sum of the interest earned for each separate deposit.

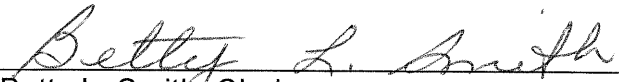
Vacation lodging services shall observe the following guidelines in utilizing interest bearing escrow accounts:

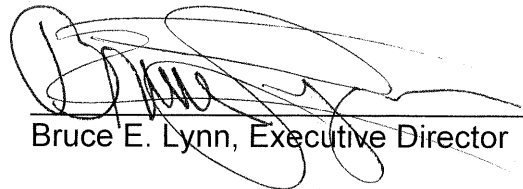
1. The licensee shall disclose to the unit owner that advance deposits and rental income will be placed in an interest bearing escrow account;
2. As a depositor of the funds, the licensee does not own the funds or interest earned thereon until properly disbursed to the licensee;
3. The licensee and the unit owner shall execute a written agreement indicating the manner of disposition of interest earned; and

4. The licensee must keep a detailed and accurate accounting of the precise sum of the interest earned for each separate deposit.

ADOPTED BY THE COMMISSION ON MARCH 7, 2001




Betty L. Smith, Chairman


Bruce E. Lynn, Executive Director